CHOOSING YOUR MEDICARE SUPPLEMENTAL INSURANCE:

A PRACTICAL GUIDE TO COSTS AND COVERAGE

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CHAPTER ONE

THE MEDICARE PROGRAM

Introduction

Chapter one of this Guide provides an overview of the Medicare program. Chapter two presents the insurance options for supplementing Medicare coverage.

WHAT IS MEDICARE?

Medicare is a federal health insurance program for people 65 and over and certain disabled people. The U.S. Department of Health and Human Services (DHHS) oversees the Medicare Program. While the Social Security Administration (SSA) determines a person's eligibility, the Health Care Financing Administration (HCFA) administers the Medicare Program. Locally, HCFA contracts with Massachusetts Blue Cross and Blue Shield to handle your claims and pay providers of Medicare services.

Medicare benefits are divided into two parts:

Hospital Insurance - Part A
Medical Insurance - Part B.

Hospital Insurance (Part A) provides coverage for:

- Acute inpatient care.
- Home health services.
- Limited coverage for skilled nursing facility care.
- Hospice benefits.

Medical Insurance (Part B) provides:

- Physician Services.
- Physical, occupational and speech therapies.
- Prosthesis.
- Ambulance services.
- Durable medical equipment.
- Home health services.
- Outpatient surgery.
- Outpatient mental health services.

WHO IS ELIGIBLE FOR MEDICARE?

In general, a Medicare beneficiary must be 65 or older and meet one of the following requirements:

o Eligible to receive Social Security benefits (S.S.) or Railroad Retirement benefits (R.R.);

o Spouse of a person eligible to receive S.S. or R.R. benefits; or

o A widow or widower of a person entitled to receive S.S. benefits or R.R. benefits.

Certain disabled persons and those with end-stage renal disease may also be eligible for Medicare.

If you are not eligible for S.S. or R.R., you may buy Medicare, (see the chart on Page 2).

HOW DO I ENROLL?

You enroll for Medicare at

your local Social Security Office within 3 months prior to your 65th birthday (or retirement), the month of your 65th birthday (or retirement) or 3 months following your 65th birthday (or retirement).

If for some reason, you do not enroll as you turn 65, you can join during the annual open enrollment period from January 1st to March 31st for an effective date of July 1st. Failure to enroll in Part B (except when covered by other health insurance) will result in a 10% surcharge on the Part B premium for every year you could have enrolled but did not.

WHAT DOES IT COST?

There is no additional premium for Hospital Insurance (Part A). Coverage for Medical Insurance (Part B) requires a monthly premium, which is $28.60 for 1990. The premium will increase on January 1991.

If you receive Social Security benefits, your Part B premium is automatically deducted from your Social Security check. Otherwise, premiums are paid quarterly. The premium represents 25% of the actual cost of Medicare Part B. The remaining 75% is paid for by tax revenues.

MEDICARE PREMIUMS AND COPAYMENTS

(Effective January 1, 1990)

PART A: HOSPITAL INSURANCE	
Part A Monthly Premium (if ineligible for Social Security)	$175.00
Hospital Inpatient Care	
Part A deductible	$592.00*
Part A copayments	
Days 2 - 60	-0-
Days 61 - 90	$148.00/day
Days 91 - 150	$296.00/day
(Lifetime Reserve days)	
PART B: MEDICAL INSURANCE	
Part B Monthly Premium	$28.60
Part B Calendar Year Deductible	$75.00

* Per benefit period.

Q. WHERE DOES MEDICARE STOP PAYING? WHAT WILL I HAVE TO PAY MYSELF?

Medicare is the primary health insurance program for senior citizens. As people retire, they mistakenly believe Medicare will cover all their health care needs. However, due to inflation, changes in medical technology, and changing health needs, Medicare today covers less than half of the costs elders incur.

The primary gaps in Medicare are copayments, deductibles, routine, preventive care and long term care.

Under Part A, elders are responsible for the first day in the hospital. In 1990, this deductible is $592. Medicare pays the full cost of inpatient care for days 2-60. Elders pay $148 a day for days 61-90 and, if they choose to use lifetime reserve days, elders pay $296 a day for days 91-150.

Q. IF I HAVE SO MUCH HOSPITAL COVERAGE, WHAT HAPPENS IF I STAY LONGER THAN THE HOSPITAL SAYS I CAN?

Very few elders need a hospital stay that is longer than their Medicare coverage. Your coverage is different from the way Medicare pays hospitals. Hospitals are paid based on the average number of days it takes to treat you for your illness. This in known as the "DRG system."

You may stay in the hospital only as long as your illness requires care in a hospital.

If you feel you are being discharged too early, there is an appeal process. If an appeal has been denied and you stay beyond the discharge date, you may be responsible for bills after the day of discharge.

Q. WHAT ABOUT THE LAW IN MASSACHUSETTS PROHIBITING PHYSICIANS FROM BILLING MORE THAN MEDICARE'S APPROVED AMOUNT? WHY DO I KEEP GETTING BILLS FROM MY DOCTOR?

Under Part B, Medicare covers 80% of the approved amount for physician services. In Massachusetts physicians cannot charge you more than the approved amount. Elders are responsible for the 20% Part B coinsurance that Medicare does not cover.

For example, suppose your physician charges $130 for a service and the Medicare approved charge is $100. Part B would pay $80 (80% of $100). You are responsible for $20 (the 20% coinsurance). A physician in Massachusetts may not bill you for the $30 difference between the Medicare approved amount ($100) and the higher charge ($130).

Massachusetts law requires that all physicians accept the Medicare approved amount for services covered under Medicare.

If you receive a bill from a physician that is above the approved amount, contact the Board of Registration of Medicine.

CHAPTER TWO

MEDICARE SUPPLEMENTAL INSURANCE COVERAGE OPTIONS

Several insurance companies sell Medicare Supplement Insurance, commonly known as "Medigap insurance." Medigap policies are designed to cover the deductibles, copayments and coinsurance amounts not covered by Medicare.

In Massachusetts, individual (non-group) policies must meet the standards set by the Division of Insurance (DOI). However, group and mass-marketed policies do not have to meet the DOI standards, nor does DOI review these policies.

While several groups offer reputable products, exercise caution when considering policies sold on TV or through the mail. **These policies are usually high in premium and low in benefits.**

Because of the gaps in Medicare coverage, supplemental insurance can help to protect your budget. Some people mistakenly believe if one policy is good, then several policies would be better. This is not true. Only one, comprehensive Medicare supplement is necessary. Duplication of policies is costly and will not offer better protection.

Choose carefully, but choose only <u>one</u> policy!

Higher rates for Medicare Supplemental insurance policies have created a substantial burden for many elders. Higher Medex rates in 1990 forced many elders to re-examine their purchasing decisions. Rates for 1991 are being reviewed. Until there is a comprehensive national health program, elders will have to balance maximum coverage with affordability.

Purchasing health insurance is an important decision. <u>Think through your options</u> before you decide to drop or change your current coverage if rates increase. Make sure you know what your out-of-pocket costs will be without insurance and how long it will take for the new coverage to begin if you change policies.

Medex 3, offered by Blue Cross-Blue Shield (BC/BS), is the most popular Medigap policy. If you already have Medex 3, or a comparable policy, and the premium is too high, here are your options.

<u>OPTION A: CHANGE YOUR LEVEL OF COVERAGE</u>

Instead of dropping your coverage totally, you may want to consider changing policies. Many elders purchase comprehensive policies like Medex 3 for maximum protection. If you do not have high prescription drug costs, for example, Medex 2 may be a better buy.

OPTION B: PURCHASE FROM ANOTHER COMPANY

Medex 3 is a very comprehensive policy, but there are others. Individual policies, including Medex, must comply with the Division of Insurance regulation. Banker's Life, Mutual of Omaha and the Combined Insurance Company of America are examples of companies that sell individual policies.

Group policies do not have to comply with the Division's Medigap regulation and they may have different benefits from those of individual policies. AARP offers four group policies to its members.

We do not recommend buying policies sold on TV.

OPTION C: JOIN A HEALTH MAINTENANCE ORGANIZATION

HMOs generally offer more benefits than Medigap policies but you may be limited to specific doctors and other providers. A list of HMOs with their premiums and phone numbers is included in the appendix. Compare the premiums and coverage.

The following questions and answers will help elders who are buying their first Medigap policy and elders who want to examine the alternatives because their current policy is too expensive.

The Appendix includes summaries of Medicare benefits, the gaps that are not covered by Medicare, summaries and comparisons of Medigap policies, key insurance terms and resources for further help.

Q. THERE ARE SO MANY MEDIGAP OPTIONS TO CONSIDER. HOW DO I APPROACH THEM?

There are four types of individual Medigap policies approved by DOI: Supplement 1, 2, 3, and 4. Coverages change as you move from one to another. The first policy comparison sheet in the Appendix compares the four Blue Cross/Blue Shield Medex policies: Medex Standard (Supplement 1), Medex 2, Medex 3, and Medex Basic (Supplement 4).

Q. MEDEX BASIC IS A NEW POLICY. WHAT DOES IT COVER?

A. Medex Basic is a new policy Blue Cross - Blue Shield now offers. Compared to Medex 3, it will not cover:

- the hospital deductible,

- the Part B $75 physician services deductible.

Medex Basic will cover:

- prescription drugs after a $250 annual deductible.

[The Medex 3 deductible is $25 per calendar quarter.]

Q. IS THERE AN EASIER WAY TO COMPARE THE FOUR LEVELS? DO SOME COVERAGES REMAIN THE SAME?

WHAT VARIES FROM LEVEL TO LEVEL?

Yes, as the comparison sheets on pages 12-15 show, the four policies are the same except in three areas:

* Part A hospital deductible.

* Part B deductible.

* Prescription drugs.

Before you compare policies, consider how many times you have, or are likely to, enter a hospital, how often you see a physician and how much you spend on prescription drugs. Then you are ready to select the policy is best to meet your present needs. Use the check list on page 20 to compare policies.

Would your expenses for these costs be more or less than your premium? Would they be more or less than the premiums for other policies, including an HMO?

Remember, the most common and largest expenses covered by Medigap insurance are:

- the hospital deductible, $592 per benefit period;

- hospital copayments, a maximum of $22,160 for a 150 day hospital stay ($148 for 30 days + $296 for 60 days).

- Part B deductible ($75);

- 20% coinsurance; and

- prescription drug costs.

Q. OK, I CAN'T GO WITHOUT COVERAGE AND I CAN'T AFFORD THE SUPPLEMENT 3 POLICY. WHAT CAN I DO?

A. If you have a Medigap policy, or if you are selecting one for the first time, compare the premiums of the different types of policies. Here are some key considerations:

Supplement 1 (Medex Standard) does not cover the hospital deductible, $592 per benefit period. A benefit period begins on the day you are admitted to a hospital or Skilled Nursing Facility. It ends when you have been out of the hospital or Skilled Nursing Facility for 60 consecutive days.

Supplement 1 (Medex Standard) covers the same prescription drug costs as Supplement 3 (Medex 3).

- Have you been in a hospital more than once during the last year? Do you have a health condition that is likely to require hospital care in the next year?

- If the answer to either is yes, then coverage of the hospital deductible may be important. Remember, you will pay a $592 deductible for every benefit period.

If you do not think you will need hospital care or if you can afford the deductible, then Medex Standard may be right for you.

Supplement 2 (Medex 2) covers the hospital deductible

but does not cover prescription drugs. Do you receive more than $86.25 in drug reimbursements from Medex every three months or $28.75 a month?

YES _____ NO _____

This is the difference in the premium between Medex 3 and Medex 2.

If you checked yes, Medex 3, Medex Basic, or a policy sold by one of the other companies that covers prescriptions is worth the extra premium. If you checked no, perhaps Medex 2 is a better buy.

Supplement 3 policies (like Medex 3) cover the hospital and Part B deductibles and prescription drug costs after a $25 quarterly deductible. It is the most comprehensive and expensive Medex policy.

Supplement 4 (Medex Basic) has a $250 annual deductible for prescription drugs.

Q. THIS IS VERY CONFUSING. WHAT'S THE BOTTOM LINE?

A. If your Supplement 3 policy is too expensive:

1. Consider the Supplement 1 options to cover high prescription drugs costs. Your hospital deductible won't be covered. For example, Medex Standard is $14.58 a month less than Medex 3.

2. Consider the Supplement 2 options if your drug costs are low, but you want protection for the hospital deductible. Medex 2 is $28.75 a month less than Medex 3.

3. Consider Supplement 4 policies if you want catastrophic hospital coverage, you are not likely to enter a hospital (or you can afford the $592 deductible if you do), and you want some protection for high prescription costs.

Q. WHAT ARE THE MAIN DIFFERENCES BETWEEN MEDEX BASIC AND MEDEX 3?

The difference between Medex 3 and Basic premiums will be $21.18 a month, or $254.16 a year. The out-of-pocket cost differences could be as high as $817 a year, and higher if you have more than one hospital admission.

Q. HOW IS THAT FIGURED?

A. Hospital deductible	$592
Part B deductible	75
Medex Basic Drug deductible	250
	$ 917
minus Medex 3 Drug deductible	-100
Net Cost	$817

You can save $104 using the Medex Basic drug coverage, but it will cost you $667 more than Medex 3 if you have one hospital admission and you pay the full Part B deductible.

OTHER COMPANIES WHO SELL MEDIGAP POLICIES ....

Q. ARE THERE OTHER POLICIES I CAN CONSIDER?

A. Yes, there are both group and individual policies available. Individual policies meet standards set by the Division of Insurance. For example, Banker's Life has a supplement 3 policy identical to Medex 3. Mutual of Omaha and the Combined Insurance Company of America (CICA) have products that are the same as Medex 2.

Group policies do not have to meet the standards set by the state. You must be a member of the group to join. AARP is one example.

Q. WHAT FACTORS SHOULD I EXAMINE WHEN LOOKING AT OTHER POLICES?

A. There are a number of things to consider. Costs and coverage are the obvious ones. Other factors are underwriting, age-rating and waiting period.

Q. WHAT IS UNDERWRITING?

A. Underwriting is basically health screening. It means the company will not let you buy its policy if you have recently been ill or have certain illnesses.

Banker's Life, Mutual of Omaha and CICA may review your medical history and reject your application based on your health status. Group policies such as AARP generally will accept you regardless of your health condition but they may impose a waiting period before coverage begins.

Q. ARE THERE SOME SPECIFIC EXAMPLES OF UNDERWRITING OR HEALTH SCREENING?

A. If you have a heart condition, for example, you cannot buy some policies.

Banker's Life, for example, will not sell you its policy if you have been in a hospital during the last 60 days; were in a nursing home within the past year; need assistance with Activities of Daily Living; have congestive heart failure; degenerative bone disease; emphysema requiring oxygen; rheumatoid arthritis; Alz-heimer's and other conditions.

Q. DOES BLUE CROSS - BLUE SHIELD USE UNDERWRITING?

A. No. Medex is available to all Medicare beneficiaries. Blue Cross-Blue Shield is not allowed to refuse someone because of a health condition. They also do not charge higher premiums for older subscribers.

This is one reason why Medex premiums may be higher than other policies.

Q. WHAT IS AGE RATING?

A. With many policies, the price you pay depends on your age. The older you are, the higher the premium. Medex charges the same rate for

everyone regardless of age.

No matter what the premium when you buy, it is likely to increase over time. Yearly rate increases are common. Rate increases for individual policies must be approved by the Division of Insurance and may not occur more than once every 12 months. Increases for group policies are not reviewed by the Division.

Q. DO THE BENEFITS VARY?

A. Yes and no. Individual policies must meet the Division's standards for all four Medigap policies and benefits may not vary. Group policies do not have to comply with these requirements and the benefits may vary substantially. Compare them carefully to the individual policies before you buy.

Q. CAN I BE EXCLUDED BECAUSE OF PRE-EXISTING ILLNESSES?

A. Group policies may have waiting periods or exclusions for coverage of medical conditions you have at the time the policy is issued. If you have a serious medical condition, or recent history of treatment, you should look carefully at such provisions. Individual Medigap policies are not allowed to impose any limitations for pre-existing conditions.

Q. WHAT ABOUT COSTS? WHAT ARE THE PREMIUMS FOR THESE POLICIES?

A. AARP offers several policies which range from $14.95 to $87.95 a month.

The low cost policy covers the 20% Part B coinsurance after you pay the $75 deductible. It also covers the hospital copayment, but it does not cover the $592 deductible. It does not cover prescription drugs (see check list).

Policies comparable to Medex 2 and 3 are described on pages 17-19. AARP's premium for its M-6 policy is the equivalent of $34.25 when you add in the annual Part B deductible, which is not covered, over 12 months.

The AARP policy most similar to Medex 3 has a $500 cap on drugs.

Remember, you must pay the $75 Part B deductible under all AARP policies. Medex 2 and 3 and the Banker's Life, Mutual of Omaha and CICA policies pay the Part B deductible.

Q. WHAT ABOUT THE RATES FOR INDIVIDUAL POLICIES?

A. Banker's Life, Mutual of Omaha and CICA have filed rates with the Division of Insurance between $44.37 and $86.24 a month. Banker's Life and Mutual of Omaha charge higher rates for older policy holders.

The coverage and rates for these policies are compared in the charts on page 18 and 19.

Q. WHY ARE THESE PREMIUMS LOWER THAN MEDEX?

A. The major reason for the difference is the underwriting or health screening companies do to determine who may buy a policy.

Q. SOMETIMES I GET DOCTOR'S BILLS THAT MEDEX DOESN'T PAY. WHY?

A. Medex 2 and 3, Banker's Life, Mutual of Omaha and the CICA policies cover the Part B deductible and coinsurance (Medex Standard covers the coinsurance) under certain limited circumstances. They include surgery, first treatment within three days of an accident, first treatment of a sudden and serious illness, x-ray therapy, follow-up care within 100 days of a hospital stay of three days or more, diagnostic x-ray and lab services, physiotherapy ($100 limit), hemodialysis, podiatric care and chiropractic services. All services must be Medicare approved.

Medex would not cover the second visit for a serious illness. AARP and HMOs do not have these limitations. They cover the Part B coinsurance for all Medicare covered procedures.

THE HMO OPTIONS ...

Q. ARE THERE ANY OTHER TYPES OF COVERAGE I COULD CONSIDER?

A. HMOs are still an option, although not all HMOs enroll Medicare beneficiaries. HMOs often cover routine physicals, lab work, preventive care and prescription drugs that are not covered by Medicare and other Medigap policies. Members pay premiums and, in some plans, small copayments for visits and prescriptions.

Q. HOW MUCH DO THE HMOs COST?

A. The chart on page 21 has a full listing of the HMOs and their 1990 premiums.

Q. WHEN CAN I ENROLL IN AN HMO?

A. Many HMOs have open enrollment periods in February and March. Some have continuous open enrollment. You may join during the open enrollment period. You must live within the service area of the HMO 9 months a year to enroll. Not all HMOs will be enrolling new members. Call the HMO for specific details.

Q. WHEN WILL MY COVERAGE BE EFFECTIVE IF I JOIN AN HMO?

A. Effective dates vary. Before dropping your current coverage, make sure you know the effective date of your new coverage.

Q. IF I DECIDE TO JOIN AN HMO, HOW DO I CANCEL MY CURRENT COVERAGE?

A. Cancel your current coverage by writing to the company. Be sure to specify a cancellation date that coincides with the new coverage.

Rate Comparison Chart						
Supplement 2 Policies				Supplement 3 Polices		
Age	Medex	Mutual	CICA	Age	Medex	Bankers
65-69	$57.12	$44.37	$67.25	65-69	$85.87	$56.56
70-74	"	54.08	74.49	70-74	"	62.65
75-79	"	59.06	86.24	75+	"	72.54
80+	"	64.55	"			

AARP Rates		
MA	M6	M3
$14.95	$28.00	$53.00

* Note: AARP offers group policies that are not regulated by DOI. The benefits vary from the Supplement 2 and 3 standards. The AARP policies and premiums are included for general comparison. The M6 and M3 policies are the those that are closest to the individual Supplement 2 and 3 standards set by DOI.

HOW MEDICARE AND THE SUPPLEMENTAL POLICIES FIT TOGETHER

The following table presents information on the services covered by Medicare and those services that are not covered. It also indicates how each of the four Medicare Supplemental Options cover the gaps left by Medicare.

Summary of Part A Coverage and DOI Medigap or Medicare Supplement Standards by Type of Supplement					
Service	Medicare Pays	Medigap Supplement 1 pays	Medigap Supplement 2 Pays	Medigap Supplement 3 Pays	Medigap Supplment 4 Pays
Medicare - Part A Per benefit period					
Hospitalization First 60 days	All but $592	Nothing	$592	$592	Nothing
61-90	All but $148/day	$148/day	$148/day	$148/day	$148/day
91-150	All but $296/day	$296/day or full charges	$296/day or full charges	$296/day or full charges	$296/day or full charges
151 - 365	Nothing	All	All	All	All
Post Hospital SNF -- Medicare Participating 1 - 20 days 21- 100 days	100% of approved amount All but $74/day	- $74/day	- $74/day	- $74/day	- $74/ day
Home Health	Full Cost	-	-	-	-
Hospice One 210 day period with extension possible	All but some costs for drugs and respite care	Nothing	Nothing	Nothing	Nothing
Blood	All but first three pints	Nothing	Nothing	Nothing	Nothing

Revised 3/90 KAG

Effective 1/1/90

Summary of Part B Coverage and DOI Medigap or Medicare Supplement Standards by Type of Coverage					
SERVICE	Medicare Pays	Supplement 1 Pays	Supplement 2 Pays	Supplement 3 Pays	Supplement 4 pays
Part B (Per calendar year deductible Physicians Services	After $75 deductible: 80% of Medicare approved charge	Does <u>not</u> pay $75 Deductible 20% of Medicare approved charge	$75 deductible:* 20% of Medicare approved charge	$75 deductible:* 20% of Medicare approved charge	Does <u>not</u> pay $75 deductible 20% of Medicare approved Charge
Ambulance	80% of approved charge	Nothing	Nothing	Nothing	Nothing
Durable Medical Equipment	80% of approved charge	Nothing	Nothing	Nothing	Nothing
Outpatient Mental Health	80% of approved charge	20% of approved charge, $500 max	20% of approved charge, $500 max	20% of approved charge, $500 max	20% of approved charge, $500 max
Home Health	Full Cost	-	-	-	-
Blood	80% after 3 pints	Nothing	Nothing	Nothing	Nothing

Revised 3/90 KAG Effective 1/1/90

<u>PLEASE NOTE</u>: Supplemental insurance will usually pay the $75 deductible and the 20% copayment <u>only</u> on services which meet the company's requirement as "covered services."

Comparison of services that are not covered by Medicare but which <u>are</u> covered by Medicare Supplements.

BEYOND MEDICARE

Service	Medicare Pays	Supplement 1 Pays	Supplement 2 Pays	Supplement 3 Pays	Supplement 4 Pays
SNF (participant) 100 - 365 days	Nothing	$10/day	$10/day	$10/day	$10/day
SNF (non-participant) 1 - 365 days	Nothing	$8/day	$8/day	$8/day	$8/day
Nursing or Rest Homes	Nothing	Nothing	Nothing	Nothing	Nothing
Inpatient Private Nurse	Nothing	80% of approved charge $100 deductible $300 maximum per benefit period	Nothing	80% of approved charge $100 deductible $300 maximum per benefit period	80% approved charge; $100 deductible; $300 maximum per benefit period
Prescription Drugs - out of hospital	Nothing	100% of Generic, 80% of Brand Name -- After $25 quarterly deductible	Nothing	100% of Generic, 80% of Brand Name -- After $25 quarterly deductible	100% generic, 80% Brand Name--after <u>$250 Calendar</u> deductible
Services outside U.S.	Nothing	Same benefits listed above including Medicare portion	Same benefits listed above including Medicare portion	Same benefits listed above including Medicare portion	Same benefits listed above including Medicare portion

Revised 3/90 KAG

Effective 1/1/90

General Comparison of Medicare Supplements (1, 2, 3, 4) approved for sale in Massachusetts

GAPS	SUPPLEMENT 1	SUPPLEMENT 2	SUPPLEMENT 3	SUPPLEMENT 4
Part A Deductible ($592 per benefit period)	No coverage	X	X	No coverage for $592 deductible
Part B Deductible ($75)	No coverge	X	X	No coverage for $75
Part A Copayments	X	X	X	X
Part B Copayments	X	X	X	X
Private Nurse (In Hospital)	X	No Coverage for Private Nurses	X	X
Prescription Drug Coverage	80% brand name, 100% generic, after $25 quarterly deductible	No Coverage	80% brand name, 100% generic, after $25 quarterly deductible	80% brand name, 100% generic, after $250 calendar deductible

QUARTERLY PREMIUMS

INSURANCE COMPANY	SUPPLEMENT 1	SUPPLEMENT 2	SUPPLEMENT 3	SUPPLEMENT 4
Blue Cross/Blue Shield (Medex)	$213.87	$171.36	$257.61	$194.07
Banker's Life and Casualty	No Product	No Product	Age 65-69 $169.68 70-74 $187.96 75+ $217.61	No Product
Mutual of Omaha (Mutual Care)	No Product	Age 65-69 $133.11* 70-74 $162.24* 75-79 $193.65* 80+ $193.65*	No Products	No Product

* 10% discount for non-smokers. X = Covered under Medicare Supplememt 3/90 KAG

POLICY COMPARISONS

The following charts compare group and individual products offered by companies to Massachusetts residents.

PLEASE NOTE: THE INCLUSION OF THE FOLLOWING INFORMATION DOES NOT REPRESENT AN ENDORSEMENT. NEITHER ELDER AFFAIRS NOR THE DIVISION OF INSURANCE ENDORSES A PARTICULAR POLICY. THIS INFORMATION IS PRESENTED AS A PUBLIC SERVICE.

Blue Cross Blue Shield Medex Policy Comparisons					Used Last Year?
Category	Company: BC/BS	BC/BS	BC/BS	BC/BS	
Type	Medex 3	Medex 2	Standard	Medex Basic	
Monthly Premium	$85.87	$57.12	$71.29	$64.69	
Age Rated Premium	No	No	No	No	
Underwriting	No	No	No	No	
Maximum Benefit Limits					
Part A	$ None	$ None	$ None	$ None	
Part B	$ None	$ None	$ None	$ None	
PART A BENEFITS					
Hospital Deductible $592 (per benefit period)	Yes	Yes	No	No	
Copayments					
61st - 90th day ($148 per day)	Yes	Yes	Yes	Yes	
91st - 150th ($296 per day)	Yes	Yes	Yes	Yes	
After 150 (full payment)	Yes	Yes	Yes	Yes	
Skilled Nursing ($74/day copay for 21st-100th day)	Yes	Yes	Yes	Yes	
PART B BENEFITS					
Deductible ($75)	Yes**	Yes**	No	No	
20% of Medicare Charge	Yes**	Yes**	Yes**	Yes**	
Diagnostic Services	Yes	Yes	Yes	Yes	
Prescription Drugs	Yes	No	Yes	Yes	
Deductible	$25/Quart.	Coverage	$25/Quart.	$250/year	
Coverage }	100% gener		100% gener	100% gener	
}	80% brand		80% brand	80% brand	
Cap if any	None		None	None	

Note: Other services covered by Medex policies include: private duty nursing, inpatient and outpatient mental health and prosthetic devices. The skilled nursing benefit also provides $10 a day for stays longer than 100 days. Services are also covered when you are out of the country.
** Covered only under circumstances explained on page 10.

AARP Policy Comparisons				Used Last Year?
Category	AARP MA	AARP M6	AARP M3	
Type	Group	Group	Group	
Monthly Premium	$14.95	$28.00	$53.00	
Age Rated Premium	No	No	No	
Waiting Periods	Yes*	Yes*	Yes*	
Underwriting	No	No	No	
Maximum Benefit Limits				
Part A	$ None	$ None	$ None	
Part B	$ None	$ None	$ None	
PART A BENEFITS				
Hospital Deductible $592 (per benefit period)	No	Yes	Yes	
Copayments				
61st - 90th day ($148 per day)	Yes	Yes	Yes	
91st - 150th ($296 per day)	Yes	Yes	Yes	
After 150 (full payment)	Yes	Yes	Yes	
Skilled Nursing ($74/day copay for 21st-100th day)	Yes	Yes	Yes	
PART B BENEFITS				
Deductible ($75)	No	No	No	
20% Medicare Charge	Yes	Yes	Yes	
Diagnostic Services	Yes	Yes	Yes	
Prescription Drugs Deductible Coverage } }	None	None	Yes $50/year, 50% of the cost up to	
Cap if any	None	None	$500/year	

* Three month waiting period imposed. This is waived if you are replacing current Medigap coverage with an AARP policy.

Medigap Supplement 2 (and comparable Group Policy Comparisons)				Used Last Year?
Category	Company: BC/BS	AARP***	Mutual* of Omaha	
Type	Medex 2	M-6	M-131	
Monthly Premium	$57.12	$28.00	See p.10	
Age Rated Premium	No	No	Yes	
Underwriting	No	No	Yes	
Maximum Benefit Limits				
Part A	$ None	$ None	$ None	____
Part B	$ None	$ None	$ None	____
PART A BENEFITS				
Hospital Deductible ($592) (per benefit period)	Yes	Yes	Yes	____
Copayment				
61st - 90th day ($148 per day)	Yes	Yes	Yes	____
91st - 150th ($296 per day)	Yes	Yes	Yes	____
After 150 (full payment)	Yes	Yes	Yes	____
Skilled Nursing ($74/day copay for 21st-100th day)	Yes	Yes	Yes	____
PART B BENEFITS				
Deductible ($75)	Yes**	No	Yes**	____
20% of Medicare Charge	Yes**	Yes	Yes**	____
Diagnostic Services	Yes	Yes	Yes	____
Prescription Drugs Deductible Coverage } } Cap, if any	No Coverage	No Coverage	No Coverage	____

* CICA provides the same coverage as Mutual of Omaha.
** See limitations described on page 9.
*** AARP may have a three month waiting period for pre-existing conditions. The AARP premium is equivalent to $34.25 a month when you add in the Part B deductible.

Medigap Supplement 3 (and comparable Group) Policy Comparisons				Used Last Year?
Category	Company: BC/BS	AARP**	Bankers	
Type	Medex 3	M-3	GR-73X	
Monthly Premiums	$85.87	$53.00	See p.10	
Age Rated Premium	No	No	Yes	
Underwriting	No	No	Yes	
Maximum Benefit Limits				
Part A	$ None	$ None	$ None	
Part B	$ None	$ None	$ None	
PART A BENEFITS				
Hospital Deductible ($592) (per benefit period)	Yes	Yes	Yes	
Copayment 61st - 90th day ($148 per day)	Yes	Yes	Yes	
91st - 150th ($296 per day)	Yes	Yes	Yes	
After 150 (full payment)	Yes	Yes	Yes	
Skilled Nursing ($74/day copay for 21st-100th day)	Yes	Yes	Yes	
PART B BENEFITS				
Deductible ($75)	Yes*	No	Yes*	
20% of Medicare Charge	Yes*	Yes	Yes*	
Diagnostic services	Yes	Yes	Yes	
Prescription Drugs Deductible coverage } }	Yes $25/Quarter 100% gener. 80% brand	Yes $50/year 50% of cost - up to -	Yes $25/Quarter 100% gener. 80% brand	
Cap, if any	None	$500 / year	None	

* See limitations described on Page 9. Does not apply to AARP.
** AARP may have a three month waiting period for pre-existing conditions. AARP premium is equivalent of $59.25 when you add in the Part B deductible.

Medigap Policy Check List

Category	Policy 1	Policy 2	Policy 3	Did you Use Last Year?
Name	_____	_____	_____	
Type	_____	_____	_____	
Monthly Premiums	_____	_____	_____	
Age Rated Premium	_____	_____	_____	
Waiting Periods	_____	_____	_____	
Underwriting	_____	_____	_____	
Maximum Benefit Limits				
Part A	$_____	$_____	$_____	_____
Part B	$_____	$_____	$_____	_____
PART A BENEFITS				
Hospital Deductible ($592) (Per benefit period)	_____	_____	_____	_____
Copayment				
61st - 90th day ($148 per day)	_____	_____	_____	_____
91st - 150th ($296 per day)	_____	_____	_____	_____
After 150 (full payment)	_____	_____	_____	_____
Skilled Nursing ($74/day copay for 21st-100th day)	_____	_____	_____	_____
PART B BENEFITS				
Deductible ($75)	_____	_____	_____	_____
20% of Medicare Charge	_____	_____	_____	_____
Lab tests and x-rays	_____	_____	_____	_____
Prescription Drugs				_____
Deductible				
Coverage }				
}				
Cap, if any				

HMOS Enrolling Medicare Beneficiaries			
ORGANIZATION	HMO TYPE	PREMIUM* PER MONTH	FOR MORE INFORMATION CALL
Bay State Health Care Eastern Massachusetts	IPA	$55.00** $40.00**	1-800-237-1616 617-868-0003
Central Mass Health Care Worcester	IPA	$74 w/out Rx benefit $106 with Rx benefit	1-800-922-8380 508-798-8667
Community Health Plan Franklin County	STAFF	$66.00	413-774-6352
Community Health Plan Berkshire County	STAFF	$66.00	413-499-2051
Community Health Plan, Hadley	STAFF	$66.00	413-586-6020
Fallon Community Health Plan Worcester	GROUP	$59.72	1-800-635-1221 508-835-2550
Harvard Community Health Plan Eastern Mass	STAFF/ GROUP	$70.00	1-800-325-8181 617-739-6161
Medical East Boston @ Deaconness Hospital Braintree Framingham Methuen Norwood Peabody	STAFF	$75.00	 1-800-633-4343 617-849-1111 508-879-1999 508-683-9177 617-769-2676 617-532-6566
Medical West, Chicopee	STAFF	$69.00	413-781-7320
Ocean State Health Plan, R.I.	IPA	$24.00	401-737-6900
Rhode Island Group Health Assoc. (RIGHA)	GROUP	$58.43	401-421-4410
Tufts Associated Health Plan Eastern Massachusetts	IPA	$94.00	617-466-1050
Kaiser Foundation Health Plan Amherst	GROUP	$59.00	1-800-847-7526 413-256-2051

* Premiums listed are for calendar year 1990. Premiums may increase in 1991.

** Two plans are available: 1) Bay State 65, $55; 2) Bay State Citizens Health Plan, $40.
Benefits may vary. For more information call the HMO or Elder Affairs.

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DEFINITIONS OF COMMON INSURANCE TERMS

Assignment: Physicians who accept assignment agree that the total charge to you for covered services will not exceed 100% of the charge approved by Medicare. If the doctor chooses not to accept assignment, you are responsible for paying any excess (except in Massachusetts. See Chapter 475).

Benefit Period: A benefit period measures your use of services under Medicare Part A. A benefit period starts on the day you enter a hospital and ends when you have been out of a hospital (or skilled nursing facility) for 60 days.

Carriers: Organizations handling claims from doctors and other suppliers of services covered under Part B of Medicare.

Catastrophic Care: Extended hospital care or other health care when costs of length of stay exceed insurance coverage. Does not include custodial care in a nursing home.

Chapter 372/574: Massachusetts cost-containment legislation which establishes a uniform hospital payment system. Hospitals are paid prospectively. Massachusetts received a Medicare Waiver to test out this system in lieu of the National Medicare DRG system in 1983. The waiver expired at the end of fiscal year 1985 and Medicare went under DRGs in Massachusetts in 1985.

Chapter 475: "Balance billing" law that offers protection for Massachusetts Medicare beneficiaries against balance billing. Doctors can not bill patients the difference between what is charged and 100% of what Medicare approves.

Chapter 199 (Manning - Foley Bill): This Massachusetts legislation placed restrictions on BC/BS's Medex program:

- Requires an annual open enrollment of two months;
- Exempts Medex subscribers from contributing to the corporate reserves;
- Prohibits age-related surcharges; and
- Requires BC/BS to demonstrate effectiveness of cost containment programs.

COBRA: Consolidated Omnibus Budget Reconciliation Act of 1986 requires employers of 20 or more to continue health insurance for employees for 18 months after termination; continuation for spouse for 36 months if the employee is eligible for Medicare.

Coordination of Benefits (COB): An insurance company practice which requires that if any other insurance pays toward the bill, total payments will be reduced to equal the amount of the bill only.

Copayments: A percentage or

dollar amount of covered expense which the beneficiary is required to pay.

Deductibles: An initial amount of expense for which the coverage does not pay benefits. For example, much like car insurance, you must pay first $592 for Part A before insurance pays.

Deficit Reduction Act of 1984 (DEFRA): Extends the rule of Medicare as secondary payor to the spouses aged 65-70 of workers under age 65 whose employer group health insurance covers such spouses.

D.R.G. (Diagnosis Related Group): A classification system used by Medicare to reimburse hospitals on a cost-per-case basis instead of payment per day.

Fee-for-Service: Physicians or any provider of care charging a fee for each service administered.

Group HMO: A group model HMO delivers services at several locations through a group of physicians that contract with the HMO to provide care to HMO members.

Health Care Financing Administration (HCFA): Bureau of U.S. Department of Health and Human Services which handles the administration of the Medicare program.

Health Maintenance Organization (HMO): A health maintenance organization (HMO) is a combined health insurance and health delivery arrangement which delivers comprehensive, coordinated medical services to voluntarily enrolled members on a prepaid basis.

Home Health Care: Skilled health care in your home for the treatment of an illness or injury. "Custodial Care" is not a covered benefit.

Independent Practice Association (IPA): A type of HMO which makes contractual arrangements with doctors in the community, who treat HMO members out of their own offices.

Intermediaries: Medicare payments are handled by private insurance organizations under contract with the government. Organizations handling claims from hospitals, skilled nursing facilities, and home health care agencies are intermediaries.

Lifetime Reserve Days: Medicare offers sixty additional days at the end of a benefit period, these are available only once during a beneficiary's lifetime.

"Lock-In": If you enroll in an HMO with a "Lock-In" contract, Medicare will not pay any other providers for your health care. Therefore, if the HMO could have provided the care but you chose to go outside the plan, you must pay the entire bill yourself. Does not apply for emergency care.

Long Term Care Insurance (LTC Ins.): A type of indemnity insurance which pays some portion of the cost of nursing home and home health services.

Non-group policies are regulated by the Mass. Division of Insurance. Non-group policies must meet minimum standards. Group policies are not reviewed by DOI.

Medicare: Federally funded health insurance program for persons over 65 receiving Social Security, Railroad Retirement payments, or under 65 if receiving Social Security disability payment; spouses of beneficiary may also be eligible at age 65.

Medicare (Part A): Medicare Part A is designed to pay part of the costs of inpatient hospital care, related health care provided by skilled nursing facilities (SNFs), home health care and hospice care.

Medicare (Part B): Medicare Part B is designed to pay part of the costs primarily of physician services and outpatient hospital care.

Medigap: Medicare supplement policies designed to fill many of the gaps in Medicare coverage.

Omnibus Budget Reconciliation Act of 1987 (OBRA): Provided for an improved beneficiary appeal process when continued hospitalization coverage is denied; also improved the quality review done by the Professional Peer Review Organization (PRO).

Pre-Existing Condition: A health condition that you had prior to becoming insured.

Prepayment: A fixed premium paid in advance.

Prevailing Charge: The prevailing charge is the amount which is high enough to cover the customary charge in 3 out of every 4 bills submitted in the previous year for each service and supply used under Medicare Part B.

Professional Peer Review Organization (PRO): Organization in the state responsible for reviewing the use and quality of hospital services provided to Medicare beneficiaries.

Prospective Payment: Prices established in advance on a cost-per-case basis.

Risk-Based Payment: Referred to as AAPCC (adjusted average per capita cost); an estimate of what it would cost the Medicare program to pay for services rendered to HMO members if their care was provided by the fee-for-service system.

Skilled Nursing Facility (SNF): A SNF is a specially qualified facility which has staff and equipment to provide skilled nursing care or rehabilitation service and other related health services.

Staff Model: A staff model HMO delivers services at a facility owned and operated by the HMO. The physicians are on the HMO staff and only see HMO members usually.

Tax Equity and Fiscal Responsibility Act 1982 (TEFRA): An attempt to control Medicare costs by establishing a cost

per case reimbursement scheme, placing a ceiling on rate increases in hospital revenues and improved incentives for HMOs to enroll Medicare patients.

Working Aged: Employers of 20 or more people must offer employees and their spouses age 65 and older the same health insurance coverage they offer to their younger employees.

HELPFUL RESOURCES

GENERAL INFORMATION AND PRESENTATIONS

Executive Office of Elder Affairs
Health Policy Unit
38 Chauncy Street
Boston, MA 02111
(617) 727-7750
1-(800) 882-2003

EMERGENCY/IMMEDIATE DISCHARGE/PROBLEMS/COMPLAINTS

Department of Public Health
Attn: DRG Advocacy Office
Patient Protection Unit
80 Boylston Street, 11th Floor
Boston, MA 02116
(617) 727-8984
1-(800) 462-5540

PATIENT APPEALS/PEER REVIEW ORGANIZATION (PRO)

Massachusetts Peer Review Organization/MASSPRO
Attn: Medicare Appeals and Reconsideration
300 Bear Hill Road
Waltham, MA 02254
(617) 890-0011

ASSISTANCE WITH APPEALS: MASSACHUSETTS ADVOCACY PROJECT

Greater Boston Elderly Legal Services
Attn: MMAP Project Director
102 Norway street
Boston, MA 02115
(617) 536-0400
1-(800) 323-3205

Southeastern Mass. Legal Assistance Corporation
Attn: MMAP Project Director
21 South Sixth Street
New Bedford, MA 02740
(508) 996-8576
1-(800) 322-4023

Western Massachusetts Legal Services
Attn: MMAP Project Director
145 State Street, 6th Floor
Springfield, MA 01103
(413) 781-7814
1-(800) 332-1280

Central Massachusetts Legal Services
Attn: MMAP Project Director
332 Main Street
Worcester, MA 01608
(508) 752-3718
1-(800) 322-0362

SHINE PROGRAMS

SHINE health benefit counseling programs operate in many Councils on Aging across the state. Some operate as consortiums and cover multiple communities. The consortiums are listed below.

Consortium	Communities Served
Adams Council on Aging 413-743-4035	Adams, Cheshire, Dalton, Hancock, Hinesdale, Lanesboro, North Adams, Pittsfield, Savoy, Windsor, Williamstown.
Coastline Elderly Services 508-999-6400	Dartmouth, Fairhaven, Marion, Mattapoisett, Rochester, Coastline Elderly Services, Inc.
Cohasset Council on Aging 617-383-9112	Braintree, Cohasset, Duxbury, Marshfield, Norwell, Quincy, Scituate, Weymouth.
Danvers Council on Aging 508-777-0001	Beverly, Danvers, Gloucester, Lynnfield, Manchester, Peabody, Reading, Saugus, Wakefield, Beverly Hospital, Senior Home Care Services (Gloucester).
Lee Council on Aging 413-243-4430	Egremont, Grear Barrington, Lee, Stockbridge, Sandisfield.
Edgartown Council on Aging 508-627-4368	Chilmark, Edgartwon, Gay Head, Tisbury, Oak Bluffs, Vineyard Haven, West Tisbury, Wampanoag Tribal Health Council.
Needham Council on Aging 617-455-7555	Belmont, Brookline, Dedham, Needham, Newton, Watertown, Weston, Norwood Hospital.
Plymouth County COA Association 508-866-4999	Bridgewater, Carver. Halifax, Hanson, E. Bridgewater, Kingston, Lakeville, Middleboro, Pembroke, Plympton, Plymouth, Wareham, Whitman

Springfield Council on Aging 413-787-6124	Agawam, Chicopee, East Longmeadow, Hampden, Holyoke, Longmeadow, Ludlow, Monson, Palmer, Southwick, Westfield, West Springfield, Wilbraham, Greater Springfield Senior Services, Holyoke-Chicopee Senior Services, Jewish Community Center of Springfield, Ludlow Hospital, Mercy Hospital.

SHINE counselors may also be contacted in the following Councils on Aging and Hospital:

Acton 508-264-9643	Lexington 617-861-0194
Arlington 617-646-1000	Mashpee 508-477-2773
Barnstable 508-775-6651	Orleans 508-255-6333
Bourne 508-759-2651	Plymouth 508-746-4030
Brewster 508-896-5944	Provincetown 508-487-9906
Chatham 508-945-1534	Truro 508-349-9525
Chelmsford 508-251-0533	Wellfleet 508-349-6459
Dennis 508-385-5067	Winchester 617-721-7136
Falmouth 508-540-0196	Norwood Hospital 617-769-4000

Companies Selling Non-Group Medicare Supplement Policies

Mututal of Omaha Insurance Company — Supplement 2
Mutual of Omaha Plaza
Omaha, Nebraska, 68175
(402) 342-7600

Bankers Life and Casualty Company — Supplement 3
4444 West Lawrence Avenue
Chicago, Illinois 60630
(312) 777 -7000

Bankers Multiple Line Insurance Company — Supplement 3
4810 N. Kenneth Avenue
Chicago, Illinois 60630
(312) 777-7000

Blue Cross Blue Shield of Massachusetts — Supplement 1, 2, 3, 4
100 Summer St
Boston, Mass. 02110
(617) 956-3790 (Metro Boston)
1-800-258-2226 (Outside Metro Boston
(617) 956-3801 TDD

Combined Insurance Company of America — Supplement 2
123 North Wacker Drive
Chicago, Illinois 60606
(312) 701-3000

Executive Office of Elder Affairs
38 Chauncy Street
Boston, Massachusetts 02111